

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 0 _ 1 2 _

2. STATE:

Texas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

* 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT: See Attachment

a. FFY 2000 \$ -0-

b. FFY 2001 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

See Attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

See Attachment

10. SUBJECT OF AMENDMENT: Amendment No. 576 - The amendment will allow for the transfer of reimbursement methodology for Institutions for Mental Diseases from the Texas Department of Mental Health Mental Retardation to the Health and Human Services Commission and deletes language concerning the initial rate period.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:Sent to the Governor's Office this date. Comment:
if any, will be forwarded when received.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Linda K. Wertz

13. TYPED NAME:

Linda K. Wertz

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

September 6, 2000

16. RETURN TO:

Linda K. Wertz
Health and Human Services Commission
Post Office Box 13247
Austin, Texas 78711**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

09-12-00

18. DATE APPROVED:

December 6, 2000

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

October 1, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

Calvin G. Cline

21. TYPED NAME:

Calvin G. Cline

22. TITLE: Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

* Pen & ink change per State's 9/21/00 request.

Attachment to HCFA-179 for
Transmittal No. 00-12, Amendment No. 576

Number of the
Plan Section or Attachment

Attachment 4.19-A
Page 13
Page 13a
Page 13b (Deleted)

Number of the Superseded
Plan Section or Attachment

Attachment 4.19-A
Page 13 (TN94-30)
Page 13a (TN94-30)
Page 13b (TN94-30)

Reimbursement Methodology: The Health and Human Services Commission (HHSC) or its designee determines reimbursement rates at least once a year. The statewide prospective rate for inpatient hospital services provided to individuals aged 65 and older in institutions for mental disease (IMD) will be available to all qualified and enrolled IMD service providers. This rate includes all allowable costs under Medicare payment principles.

Rate Periods

The rate period begins May 1 and ends April 30 of the following year. Annually, each participating hospital (hereafter referred to as an "IMD provider") is required to submit to HHSC or its designee a copy of its Medicare cost report for its most recent fiscal year ending prior to September 1. Each IMD provider is required to identify in its cost report as a subunit those Medicare-certified units on which IMD services were provided (hereafter referred to as "IMD units"). The Medicare cost reports are reviewed by HHSC or its designee to assure that the costs to be used for calculating each provider's average per diem cost for IMD services are allowable under Medicare payment principles and are only those costs incurred for care and treatment provided to persons 65 years of age and older and occupying a Medicare-certified bed.

Upon completion of the reviews of cost reports, and prior to calculating average per diem costs for each provider, both cost reports and prior payment histories are reviewed. To insure the integrity of the data and avoid bias in the resulting rate due to low volume and other inefficiencies, providers will be eliminated from the data base for any one or more of the following reasons: being in operation fewer than 90 calendar days during the previous cost reporting period; having an occupancy rate on its IMD units of less than 90% for 50% or more of the days covered during the previous cost reporting period; or individually accounting for fewer than 5% of the total days of care reimbursed by Medicaid as IMD services during the previous cost reporting period.

STATE <u>Texas</u>	A
DATE REC'D <u>07-12-00</u>	
DATE APPV'D <u>12-06-00</u>	
DATE EFF <u>10-01-00</u>	
HCFA 179 <u>00-12</u>	

SUPERSEDES: TN. 94-30

For those IMD providers left in the data base after the review of cost reports and deletion for the above-names reasons, HHSC or its designee, using the Medicare cost report, calculates for each IMD provider an average per diem cost for IMD services (the "historical per diem cost").

HHSC or its designee then adjusts each IMD provider's historical per diem cost for IMD services to the future rate period by applying a cost-of-living index. The index used to adjust the per diem cost of each IMD provider is the Health Care Financing Administration's (HCFA) Market Basket Forecast Excluded Hospital Input Price Index (as reported to the States in the Dallas Regional Medical Services Letter for the federal fiscal quarter ending in December of the year preceding the future rate period). The percentage used for adjustments to each IMD provider's average per diem cost is prorated for the future rate period, using 2/3 of the forecast for the calendar year in which the rate period begins (May through December) plus 1/3 of the forecast for the next calendar year (January through April).

After adjusting the average per diem cost for each IMD provider, the average per diem costs of all IMD providers in the pool are arrayed from high to low. The median (50th percentile) IMD provider's average per diem cost is selected as the prospective rate for the future rate period. Should the 50th percentile fall between providers, the immediately higher average per diem cost will be selected as the reimbursement rate for the next rate period. All participating providers will be paid this rate for each day during the next rate period that IMD services are provided to an eligible individual.

STATE <u>Texas</u>	A
DATE RECD <u>09-12-00</u>	
DATE APPL <u>12-06-00</u>	
DATE EFF <u>10-01-00</u>	
HCFA 179 <u>00-12</u>	

SUPERSEDES: TN • 94-30

Deleted Per 137-80-12

State of Texas

Attachment 4.19-A

Page 13b

For those IMD providers left in the data base after the review of cost reports and deletion for the above-named reasons, the single state agency or its designee, using the Medicare cost report, calculates for each IMD provider an average per diem cost for IMD services (the "historical per diem cost").

The single state agency or its designee then adjusts each IMD provider's historical per diem cost for IMD services to the future rate period by applying a cost-of-living index. The index used to adjust the per diem cost of each IMD provider is the Health Care Financing Administration's (HCFA) Market Basket Forecast Excluded Hospital Input Price Index (as reported to the States in the Dallas Regional Medical Services Letter for the federal fiscal quarter ending in December of the year preceding the future rate period). The percentage used for adjustments to each IMD provider's average per diem cost is prorated for the future rate period, using 2/3 of the forecast for the calendar year in which the rate period begins (May through December) plus 1/3 of the forecast for the next calendar year (January through April).

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STATE	<i>Texas</i>	A
DATE RECD	DEC 27 1994	
DATE APPVD	AUG 24 1995	
DATE EFF	NOV 16 1994	
HCFA 179	<i>94-30</i>	

SUPERSEDES: NONE - NEW PAGE